DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

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P R O C E E D I N G S

MODERATOR: I guess we will go ahead and get started. Good afternoon. My name is Tim Spisak. I'm the Amarillo field office manger from Amarillo, Texas. And we are starting conducting the fifth of five public meetings to discuss the helium regulations. The first meeting we had was in Amarillo, the second in Houston and then in Portland and Denver. And this is the last one here in Washington.

Just a couple of comments before I start. I'm going to give a total brief overview, probably 10, 15 minutes or so, going over what we do in Amarillo and the helium program. And we've gotten a couple new more traditional BLM functions. I'll touch on them a little bit and then the helium stuff, pointing out particular areas where

more used to the government developing regulations, a proposed or rule and then going through this process.

We felt, and I think generally speaking, we're going more towards getting comments on the front end before we developed them and said we can work better determine what

types of issues are out there before we actually start writing them. It's our intention it's very likely that once we get a little further along and the regulations are proposed, we will probably have another round of these I'm not going to commit to that now. But I would say that's a pretty good bet that will go in that direction.

[Slide.] First, I'll just cover some of authorities that we operate under. The one that's probably or the one that has probably a lot of historical importance is the Helium Act of 1960. Under that act, it authorized the Bureau of Mines at that time to purchase helium from private companies that constructed helium extraction

constructed a 425 mile pipeline that terminates near Amarillo, Texas and going up into Kansas. And it was designed to take that gas from the private extractors and ship it south for storage in the gas field.

The next act that also had a major impact on our current operation. It was the helium privatization act of 1996 one of the things it directed us to do was to get out of the helium refining business which we have done as well

as sell down. It came up with a means of selling down the conservation helium that was purchased in the '60s and '70s over a ten year period, basically starting no later than 2005.

It also directed us to dispose of the properties we no longer needed. And maybe a little out of order, it directed us to start our in kind crude helium sales. Those are sales where those private helium refiners that sell refined helium to a federal agency or a contractor

16 have been in place a lot longer than that. But the 3195 regulations are something we had a fairly short period of time to develop and put in place. Because we had to have them in place prior to our refining operations closure in April of '98.

When the act passed in October of '96, we had about an 18 month period for getting those regulations in place and we took about a year to do those. You might ask, well, we'll also take a year to do a regulations. We expect it will take a little bit longer than that. The in kind regulations were fairly targeted to a fairly small

group of individuals. They're not very controversial. And we had a pretty close time line to get those done. But we'll talk a little bit more about that in a minute.

[Slide.] Besides the four main helium test that we do in Amarillo. We also picked up a couple of additional more traditional BLM functions. Starting in October 1st

not a lot of - there's very little surface land in those states and due to the proximity to Amarillo it made sense to split up this territory and do some of the more traditional functions out of the Amarillo office.

[Slide.] The first one being the inspection and enforcement. We have a petroleum engineer and technician whose primary job is to inspect the 700 or so federal wells in southwestern Kansas and those in Oklahoma, the panhandle. And having a PET located in Amarillo just makes it a little bit less travel time, a little bit more efficient way of dividing up the work force.

In this area, we're not talking about regulations. BLM has a well developed set of regulations for that. But for completeness, I want to kind of go over that real

quick.

[Slide.] The other areas are typical public land management type activities. The helium program required

area.

This map does show all the rights that we have in the area, the Bush dome where we own the gas rights and the storage rights and this other greenish color here that we own gas rights in that. And then the light blue is the gas. Everything but the oil rights.

[Slide.] The first major helium task is our transmission function. This is anchored by the cliff side storage field. We've got about a little under 30 billion cubic feet of government owned helium remaining from the 32 that was purchased in the early '60s and '70s, a little under 4.5 billion cubic feet of privately owned helium and all of that is surrounded by about 200 billion cubic feet of natural gas.

This map shows how the helium grades from a 70 percent quality all the way down to a little under two percent helium.

extractors which are the blue circles with privately owned helium refiners which are the triangles.

You will see that typically often there will be a privately owned extractor next to a privately owned refiner. This allows the extractor to supply the refiner with its helium. If the extractor has more helium than the refiner needs, then that helium can go into storage. If the extractor doesn't produce enough helium for the refiner, that allows the refiner to pull helium out of storage. Without the connectivity provided by the pipeline, we could potentially have a lot of helium that would not be recovered. It would either have to be sold or lost.

And so in the system, both the pipeline and the field down here near Amarillo allows for private companies to defer sales of the helium for next week, next month or three years from now or whatever time. So it acts as a real good benefit to ensure that we conserve the helium that is being produced from the big mid-confident area or

produce the helium back out of the field, we're having to build some modifications out in the field, the first one being the pipeline crude helium compressor. This was installed through a partnership with private industry where they constructed and paid for the compressor to help compress the gas coming out of the field into the pipeline and we're in negotiations now to build a crude helium enrichment unit similar to this one picture that will help us manage the gas field over the long haul.

One of the things that we would like to get your comments on is would you have any suggestions for improving the processes that we currently use for storing private helium at the Cliffside Storage Facility, anything along those lines. This is an area that we do use storage contracts and a lot of it is done through contracting and through feedback with private industry. It looks like I think things are pretty well settled. But if there are some suggestions you might have, we certainly would welcome those.

legislation that was passed in '96 does specify that the reserve would need to be sold down and the language is along the lines of no later than 2005. The Secretary would offer for sale - offer for sale is an important key phrase there - but about 1/10th of the reserve from 2005 to 2015.

One other thing that points out is the minimum price for which we have to sell that. Right now that price is about $50.00 a 1,000 cubic feet. That's now roughly double the current market value for the crude helium. And I think the intent there is being that it not compete with the private crude helium market and ensure that there's conservation of that helium reserve.

But this is an area where we would like as much input as possible to help us develop a means that will be able to sell this reserve in a responsible and a manner that will encourage conservation.

Now, a couple of years ago, I would say that by 2005,

being put on the market. And we are directed to do it through consultation with the private industry. And that

is what we're doing here. But whatever information or any ideas that you would have in that area, we certainly would like to hear them.

Also, while the in kind sales regulations have been in place for a couple of years, it would be a good time that if you have any thoughts or any ideas about making those better, to go ahead and get those comments into us. We feel like if we're going through the process of going through and developing regulations, that it would be an ideal time to make adjustments to those if necessary.

This chart down here shows the helium produced over the last 15 years of U.S. produced helium. The blue is private supply. The green being that sold by the Bureau of Mines when it had its refining capability. And the yellow is the in kind sales taking the place of the Bureau

the evaluation gas analysis areas. One of the tests that we do is track helium reserves across the United States and to a lesser extent around the world. We try to classify helium reserves that are depleting and non-depleting so we could have a better idea of when we have

to maybe change our operations to meet those types of demands.

This map shows helium bearing and natural gases throughout the U.S. The blue is generally about .3 percent helium or less. And the gold color is showing reserves that are .3 percent or greater. Now, generally speaking, rule of thumb, .3 percent or higher is more economically viable for recovery. Although that doesn't always hold true. If there's some other activity, for instance, some LNG facilities or whatever they're concentrating natural gas production work, it might enrich the helium feed. It might be economical there.

we'd like some input on. Also, a means of trying to collect data worldwide. Because more and more of the helium market is becoming more and more of worldwide importance.

In that prior chart, it showed sales around $4 billion a year. About one billion cubic feet of that is actually exported outside this country.

[Slide.] The second part of our helium evaluation gas

analysis is our gas analysis functions. We have a database of about 20,000 gas samples starting since 1917. And these gas samples are sampled all across the United States, specifically analyzing for helium. But most of them have a complete mass spectrometer breakdown. We used that to help determine those helium reserves and also a sampling is done for the storage program. The various gas levels that we put into production, as well as the pipeline companies along our pipeline. The gas analyses

that we go out and would that be something that could be incorporated in a regulation that would increase the coverage of the sampling program and maybe identify sources of helium that we may not know about right now?

[Slide.] The last major task that we do down at Amarillo is keeping up with helium produced on federal lands. We determined the helium ownership rights as well as collect and audit the fees, sales and royalties from those sales made on federal lands.

This right here is Section 8. Out of a standard BLM oil and gas lease, it specifically reserves the helium on

federal lands to the federal government. And there's a sentence in there which directs that this clause be contained in any other gas contracts that are made from that point. We've noticed that this particular cause often gets, oh, dropped or forgotten about. And it has caused some problems in us trying to find helium that is

some regulations and help in this area.

Generally speaking, helium that is coming off of federal lands and is produced, extracted and sold, there's a requirement that a portion of those monies be paid back to the helium program and consequently the Treasury. And with all different operators spread throughout the producing area, we need some help in being able to track down those types of helium being produced in those areas. And this is where we need some help.

Some of the questions that we have to get some input on. For instance, is it reasonable to allow an eight percent loss of helium from the well head to the point of sale before seeking compensation? Could we use a method similar to the one used to protect oil and gas to protect

helium from drainage?

Also, should we require a separate bond to cover helium production? Or should we allow operators to

streams in close proximity to extraction plants or in areas where there's local BGU gas content.

[Slide.] This map shows the growing area where helium is being produced. This area shows the pipeline. But there are several plants in Eastern Colorado, Eastern Utah and Southwestern Wyoming that are producing - taking helium out of natural gas production, all the way up to a gaseous or liquid form - they're not part of the pipeline system, but there is production off of federal lands that we're trying to track. There's also some reserves in New Mexico and Arizona that are being looked at and evaluated now for possible production.

So it is kind of a - in some respects it's limited to a particular area. But it's still a pretty big area. And we're hoping that the regulatory development can help us give us the tools that we need to better attract the federal helium that's being produced and sold.

presentation. I'd like to go ahead and open it up to that. And after we're done with the presentations, we'll entertain any questions that you have.

We want to emphasize that the questions when it comes to point of facts or current operating procedures, we'll be glad to answer. But when it comes to policy or speculating about what we think might happen, our main point is for this to be a listening session. We want to hear your thoughts and ideas. But the whole point of this is to get that information prior to getting into the actual development phase. And so we'll try to defer those questions. It's important to get those on the record. Because those help us identify the types of concerns that the public has and it will give us a little better database to develop regulations that will cover those concerns. At this time - is Phil first? We will bring this back on, but the comment period does continue through March 26th. And often times, you may not think of something right now, but it could be an hour from now or

Or they could be hand delivered mail. And also, for more information, go to our web site at www.nm.blm.gov or ask general comments to this e-mail address here. I understand Phil is going to be using the overhead.

Once he's done, we'll put this back up so you can take notes. Also, we'll be posting this presentation as well as the transcripts from the various public sessions upon the Internet in the next week or two.

COMMENT: I'm Phil Kornbluth. I'm Vice President of Special Products for BOC Gases and I've got some comments to offer. Regarding the disposition of crude helium from the BLM stockpile. [Viewgraph.] My first typo there, it's now 2001. I would encourage you to ask questions if that's okay with you, Tim, while we're going through this.

[Viewgraph.]. The scope of our process will be limited to the process that will be utilized to dispose of crude helium from the stockpile. That's a subject near and dear to the primary refiners. The specific issues that I want

helium sold from the stockpile be priced? Which, of course, is a key issue. Who should be eligible to bid? And another issue that as we have thought through the process, what would happen if bids are received for more than the quantity of crude helium that is offered for sale?

So those are the topics I'm going to discuss. My first slide is really a one slide overview. I wasn't sure if we were going to have five minutes or fifteen minutes. I think I will probably need about fifteen if I go through all of them.

[Viewgraph.]. This is a one slide summary of our view of how the whole thing should work. First of all, we think that the initial offer to sell crude helium should be made as soon as the regulations are in place.

Tim mentioned the legislation that says that crude helium must be offered for sale no later than January 1, 2005. There's no reason why it couldn't be offered

The size of the block in our view is that it should go strictly in accordance with the legislation. The

legislation says between the time you start selling and 2015, you are offering it in quantities. So you sell it off on a straight line basis. We have no problem with strict adherence to the legislation on that point.

If bids are over subscribed, for instance, three billion feet is offered for sale and offers are received for four billion cubic feet. Our thoughts are that the way you would deal with that is allocate the offered crude helium to the bidders on a pro rata basis.

The next point then term sales. We don't think term sales should be allowed. And I have got some backup for this point and all the other points behind here. And as far as the price, our view is that the crude helium should be offered for sale at prices that are established based on the formula described in the Helium Privatization Act.

be allowed to bid on the crude helium.

[Viewgraph.]. A little bit of the reasoning behind these things. And some of these things are a little counter intuitive. What we tried to do is go through the mechanics and actually think through what might happen in

different situations, what would work, what wouldn't work.

As far as the timing, I sort of went through that point. We know when the sales have to commence by, but we don't know when we're going to start. And the blue are the points I'm trying to emphasize.

We think the initial sales should take place as soon as regulations are in place. We understand that might be about two years from now according to Tim. One of the reasons behind this recent high natural gas prices and unstable energy markets give rise to the possibility of accelerated depletion of privately owned inventory.

Now, we have seen gas that was normally processed for

now and 2005. But again, if you're ready to offer this stuff for sale earlier, we can't see what it would hurt.

And this last point, we would really like to be allowed to clarify when he sales will commence as soon as possible. So that potential buyers can factor it into their long range plans. It is an important point to us and I believe to our competitors to know when the crude helium sales will start.

[Viewgraph.]. This next slide is a little bit of a discussion on the question of term sales versus recurring spot sales. Again, we recommend that a block should be offered for sale annually at the same time each year. Again, this predictability is important to us. The size of the block should be established in accordance with the act.

We see some problems with term sales. Intuitively, you would say that would be a great thing for the

And so it could be in the private helium industry. It's very common for us to find a crude helium producer and enter into an agreement ten, fifteen years. They produce it. We buy it and pay for it when they produce it. And so the concept of a term sale here would be that you can control a larger quantity of crude helium in the stockpile than you've actually paid for and take delivery over time.

The problems that we see with it, first of all, if for instance you could interpret that the BLM could sell - could do - could enter into agreements that would sell

the 30 billion feet over ten years, 3 billion feet a year. And you might have three agreements like that that would sell it timing wise similar to what the legislation contemplated.

The problem I would have with that is we wouldn't like to see a bidder lock up a huge block in an effort to

our view is if you want to control it, you should have to pay for it along the same lines.

Really, this is a very similar point. If you were to allow someone to control the inventory without paying for it, then in effect the government is paying the interest. I mean, the government is incurring the carrying cost. And although we might like that as a private refiner, it seems like that is not going to fly. That would be a pretty unfair thing for the government.

And finally, one of the key points in the legislation is whatever is done, it shouldn't disrupt or shouldn't be overly disruptive to world helium markets. And what we would see is if you could do term deals, you would have probably a very rapid influx of new entrants which is

potentially disruptive to world helium markets. You could have an immediate going from a tight market or a short market to an immediately over supplied market. And again,

Mr. Kornbluth: I'm advocating that the government not sell crude helium on a term basis. So we're saying it should be an annual spot sale basis, an annual bid.

[Viewgraph.]. This is the pricing issue which is another key issue. And we would offer the crude - if it were up to us, we'd like to see the crude offered at the price calculated in accordance with the legislation.

One of the big things there is it's somewhat predictable. And again, the planning element is important to us. The other thing that it would do is it wouldn't guarantee that the debt would be repaid. And that is one of the key points of the legislation. So we would see that as least disruptive to the helium market.

Lower prices might seem attractive. Sure, we would love to have lower costs and all of that kind of thing. But at first blush, you would say, okay. That should be attractive to the refiners, but legislation required to

And frankly, given the current view of the market, we think the markets are tightening. And there is a very real scenario that says that prices will rise to a level where crude helium from the stockpile could be competitive. And so again, things change. The crystal ball is good for a year or two. But right now it looks like that that might be the case.

Prices above the formula price might be realizable if you chose to set higher prices or some kind of an auction. But they wouldn't be required to retire the helium program's debt. And I've go this view in mind of just speculation where one year this stuff costs fifty bucks, the next year it costs 70 bucks, the next year it costs 60 bucks, the next year it costs 90 bucks. It's very hard to run a business when your costs are jumping around like that. And it's not an optimal situation from our standpoint.

[Viewgraph.]. Another thing we thought about is what could go wrong with this or what do you have to deal with.

And we think that is a fairly simple thing to deal with. We would divide the crude helium that was offered amongst the bidders on a pro rata basis. So a simple formula, what you would get would be the volume that you offered to purchase over the volume that all bidders offer to purchase times the quantity offered for sale. A simple formula.

And again, that is the alternative to the auction process. But it is a way to fairly allocate the crude helium.

[Viewgraph.]. And then my last slide is show should be allowed to bid? In our view, this is an easy one. If you have a contract, a storage contract, you should be allowed to bid. That is very straight forward.

MODERATOR: Do you see any restrictions to anybody else bidding?

Mr. Kornbluth: No, not really. I think there are some restrictions now in that there is a fee. So you can't have a storage contract - I guess you can, but most

who say they have a contract. So, any questions? Tim or anybody?

COMMENT: If you have the same price for everybody, how do you discriminate who gets it?

Mr. Kornbluth: Well, again, what we said was if more folks wanted the helium than was offered, then you would allocate it on a pro rata basis. So if you had three billion feet offered and the bid is for four billion feet, then everybody would get three-fourths of the quantity they bid upon.

There's one more point I want to make. This is again the auction versus the setting of price. I could envision a scenario where suppose you had three billion feet offered and you had bids, a bid from Company A for one billion cubic feet at $65 and a bid for a billion cubic feet from Company B for $55 and you have a billion feet that nobody bid on. I think that is a little problematical for me with sales from the government

or not, then you're selling it all to one company at one price. But it doesn't sit right with me that you're

selling the stuff to different parties at different prices as the U.S. government. When in fact you might have another billion feet that nobody bid on. And they could have had it for the minimum price. And so I have a little bit of a problem with the bidding process. Even though when you first think about this, the first reaction, I think, of a lot of people would be just auction it off. But again, I think we might have some problems.

COMMENT: I just have a question about what you said about who should be eligible to bid. Is the concern more along the lines of someone not having adequate storage for it? Or actually is that perhaps a way that - are you interested in trying to maybe certify and limit the number?

Mr. Kornbluth: No, not at all. ....., I believe

wants to speculate in crude helium, $20,000 gets you a contract and see if you can corner the market. But I wouldn't expect a lot of that. There's going to be a lot of I would imagine gamesmanship just like there always is in something that is competitive. But, no. The intent.

It is really an open bid. $20,000 is your entry fee.

COMMENT: That pro rata business, you're assuming that the minimum price is the price set by the law?

Mr. Kornbluth: Yes. And frankly, even if it wasn't - and these are our ideas - we're not thinking that they're going to say, okay. Here's the regulations. But even if the price was set above the formula price, I think it would still be preferable to have a posted price as opposed to having an auction. Anybody else? Thanks, Tim.

MODERATOR: The prices that Phil was talking about is storage contracts. Annually, it's a $12,000 fee which he was referring to. If you have a plant actually connected

company has either into or out of the system. And so by definition, the storage contracts collect through those contracts the cost for the government to store private helium. And that is the means that we do it. Any other presentations or anything? I'll certainly open it to any questions you may have. We may or may not be able to answer it, but this is a way to get your thoughts on the record and give us something to consider as we start

developing the regulations.

Mr. Kornbluth: What's the process? In other words, you're going to get some comments. You got some comments just now. You're probably going to get some written comments. Then what? You and some of your colleagues sit around the conference room. I mean, who forms the regulations, the draft regulations?

MODERATOR: Well, we have a helium regulations team that was formed in September that came down to Amarillo.

regulations, to leasing, all of that sort of thing, kind of a wide variety of people.

By March 26th, we expect this initial comment period to close down at which point we will pull all of those comments together and kind of go through some categorization process to put them into the various boxes that we're looking at.

And the way I understand it is the Amarillo people will put together some draft regulations, just something to start out with, that the team will then consider. And then I would suspect it would bounce back and forth within

BLM for a while until we develop proposed regulations.

At which time, they would be posted and another round of comment periods like this. And then we get those comments, put them back into the mix, make any changes or not just depending upon what the comments are and bounce around and then put them out in a final draft.

straight forward. There's not a lot of controversy. But there are some areas that potentially could be.

So I think that the two year timeframe that we have right now is probably realistic. But if it goes faster than that, well, we're not going to hold it up just to say we said it would take two years. But I would think just the human nature and the way things work is we will probably use all of two years and maybe then some.

But I think it is important to note that the law as far as the crude helium sales portion is concerned does say no later than 2005. And it would be my expectation that when the regulations are published final that there would be no reason not to start selling helium at that point. We don't have to wait until 2005. It could be as

soon as we have the regulations.

COMMENT: Tim, just a question. There is some ambiguity in the language no later than 2005 which could imply that

the following year, is it possible that this could extend beyond 2015 as long as you've made an effort to sell most of it by 2015. Or do you have to in year two, for instance, carry some pro rata portion of the spillover?

MODERATOR: I don't think we have to do - the only thing we have to do according to the legislation is offer for sale. So, say in 2005 as you say it was three billion, would you carry that - say only two billion were sold. Would that billion be carried over? Or would it be pushed to 2016? I don't know. What do you think? What do you think should happen? Should it just carry over? Or push it to 2016?

COMMENT: I think the market should decide what should sell at that price. It very well could be that in year two instead of trying to sell one-ninth of 28 billion at that point, you may go back and try to sell whatever the market allows you to sell. You could literally extend

From reading the legislation, I think that's what it says. It wouldn't matter to me if it went until 2016 or if you sold it all in the second year because you didn't sell it in the first year. That is a point I think that is addressed in the legislation.

MODERATOR: It's amazing, the legislation. It seems like you have ten people read a paragraph, you get ten different answers. And I haven't looked at that particular section of the language to remember exactly what it says.

COMMENT: I think the legislation says you have to offer it all for sale by 2015. It doesn't say you actually have to sell it.

MODERATOR: If I recall, it seems to me that is more like whatever that amount is. In that first year, it's that same amount at least. Offer that for sale for the next ten years. But what happens if it isn't offered for sale? It doesn't address that at all. Which I would guess that that's the thrust - wouldn't that be what you

point. There shouldn't be any ambiguity.

MODERATOR. Oh, yeah. When it comes to 2005, it is my expectation completely that there won't be any ambiguity at all. Everybody will know very clearly how that will go. Just because it doesn't say in the legislation, it doesn't mean we should continue. I mean, surely through this process and your comments and the back and forth in the regulatory process, we will come up with something that will maybe not satisfy everybody. But it will certainly take everybody's concerns into account and work within the way that we think is best.

COMMENT: Don't you think that supply and demand will play a role in that too?

MODERATOR: Absolutely. I think basically what it boils down to - that's why they put the offer for sale in there. If they would have said we'll sell, I mean, the market's going to decide really when you have a price that is set or there is a mechanism for determining that that takes away one of the market's means of moderating that

that in less than eight years the consumption doubled. And you said half of that, if I understood you correctly, was exported. Total market.

MODERATOR: No. It's been about a billion a year for the last several years. And the total market - it shows about 4.5 billion in 2000. And it seems like one billion of that was exported. Does that sound about right, about one billion last year exported? About 25 percent. And in the last five years, it's been about that range. The way I understand it, there are additional plants coming online world wide that will fairly keep up with the growth that is happening worldwide.

COMMENT: I guess my concern was in the tight market that we as the consumers saw this year with several things that happened, and growth of consumption in the worldwide market probably growing - maybe growing faster than the domestic market. It raises the question in my mind if there is any export regulations here that might come into

market. I know this year within the federal government export regulations have really gotten a lot of scrutiny

and a lot of press. And it just occurred to me that that might be an issue that would take some consideration in terms of policy over the next five or ten years.

COMMENT: Tim, I think that there is an import regulation or duty right now that it is not that high. But I think it's three point something percent which would impede importing if anyone needed to into this country. And so I think you need to look both at exports and import duties or penalties or whatever you want to call it. If you're going to look at one, you have to look at the other. The United States, of course, was the major exporter of helium for the world. We had probably 95 percent of the market. That is no longer true. Nor will it be in the future. As I can see anyway. It's going to come from other gas producing places in the world. So we

United States. There's probably some out there, but it's probably fairly - probably have a fairly good handle on what's out there. And that is a finite amount. And at some point, the supply and demand is going to cross. And there's going to be some point where you're going to see

some similarities with the oil industry. Where in the early days, there was plenty of oil for everything. And now we're importing oil. And so this may be - I wouldn't even guess when - maybe a long time out. But we could have a similar circumstance with helium down the road.

COMMENT: That is why I was relating more pressure on more and more interest in buying the reserves in the future because of that factor.

COMMENT: I would like to mention the fact that this is a rather special situation. Helium is a commodity. And commodities have similarities. But they also have differences. And the storage system stores many years

it is that over the years that this storage system has been in existence, it has been a tremendous benefit to the consumer in stabilizing prices.

We have seen in this last year domestic oil, gasoline and natural gas prices change by very significant amounts because they're sensitive to the supply and demand situation.

In helium, there are changes in price from time-to-

time. But they are not of that kind of magnitude. And the reason is that no short-term excess of demand over supply can exist as long as you have this large quantity in storage when you have a tight supply situation and draw out of storage. That tends to maintain the consistent flow of product to the consumer.

And it has worked extremely well. Not only does that satisfy the United States user, but this particular storage system stabilizes the situation for the whole

there were operating difficulties at a number of plants, some on the pipeline system and some of the large plants in locations not connected with the pipeline had very significant operating difficulties. And the pipeline or the storage system generally speaking took care of that.

But it was a very tight situation. And hopefully, in future years, you won't get a combination of ill fortune at so many different producing locations. It can happen again, but I would generally speaking expect that in future years, you won't get that concentration of plant difficulties.

MODERATOR: Anybody else? Well, once again, this presentation and the comments will be put up on the web sites in the next couple of weeks or so if you're interested in the information there. I encourage you to go look at that. I especially encourage you to put any comments you might have - that you've thought about either

COMMENT: Tim, if we have a brilliant idea on March 27th, I mean, obviously we all want to follow the law and not do anything inappropriate. Would it be okay to send it or at that point do we hold our good ideas until the public comment period on the proposed - or when you actually have a draft.

MODERATOR: I think the way it says it is it may not be. [laughter] We will judge whether it's brilliant or not.

COMMENT: Tim, your previous four meetings, are those comments on the web?

MODERATOR: Not yet. Earlier this week the transcripts arrived from the first two meetings. And they take a week or so. And you will get to hear me kind of

drone on with very similar type language for the prior four ones. I know each one's a little bit different and maybe more different than I think. Anything else? Well,